

COASTAL WATER AUTHORITY

Minutes of Regular Meeting

November 8, 2023

The Board of Directors (the "Board") of Coastal Water Authority ("CWA") convened its Regular Meeting, open to the public, at the CWA Conference Room, 1801 Main Street, Suite 800, Houston, Texas, with the following in attendance:

Directors

D. Wayne Klotz, P.E., President (*Absent*)
Tony L. Council, P.E., First Vice-President
Douglas E. Walker, Second Vice-President
Thomas A. Reiser, Secretary-Treasurer

Jon M. Sjolander (*Absent*)
Joseph G. Soliz
Giti Zarinkelk, P.E.

CWA Staff

Greg Olinger
John Baldwin
David Miller
James Lewis
Todd Vu
Mary Caballero

City of Houston Staff

Yvonne Forrest

General Legal Counsel

Barron Wallace, Bracewell LLP

With the exception of Director Klotz and Director Sjolander, all Members of the Board were present thus constituting a quorum.

Copies of the agenda materials were included in the Board Members' packets.

I. CALL TO ORDER – Tony Council

A. Welcome.

Director Council opened the meeting at 10:00 A.M. and welcomed all guests to the meeting. (The sign-in sheets for those in attendance at the meeting are attached hereto.)

B. Pledge of Allegiance.

C. Salute to the Texas Flag.

D. Moment of Silence.

II. PUBLIC COMMENTS

There were no public comments.

Director Council stated that at this time Ms. Yvonne Forrest, Director of City of Houston/Houston Public Works/Houston Water (COH/HPW/HW), would make an announcement. Ms. Forrest stated that she is retiring effective January 2024 and today would be her last CWA Board Meeting as Director of HW. As of November 11, 2023, Mr. Greg Eyerly will be the new Director of HW and Ms. Forrest will transition into an advisory role. Ms. Forrest thanked the Board for its hospitality and working with the COH in protecting this valuable resource and service. On behalf of the Board, Director Council recognized Ms. Forrest for her distinguished service to the Board and CWA.

III. ITEMS FOR CONSIDERATION – Tony Council

Director Council stated that the first item of business was the approval of the Minutes of the Board Meeting of October 11, 2023.

A. Minutes of the October 11, 2023 Board Meeting.

Motion approving the Minutes of the Board Meeting of October 11, 2023.

Motion made by Director Reiser, Seconded by Director Zarinkelk. The Motion carried unanimously.

Director Council requested the approval of the Minutes of the Special Board Meeting of October 11, 2023, as written.

B. Minutes of the October 11, 2023 Special Board Meeting – 2024 Budget Workshop Discussion of the 2024 Operating Budgets.

Motion approving the Minutes of the Special Board Meeting – 2024 Budget Workshop Discussion of the 2024 Operating Budgets.

Motion made by Director Walker, Seconded by Director Zarinkelk. The Motion carried unanimously.

IV. EXECUTIVE DIRECTOR'S REPORT – Greg Olinger

A. Operations Summary Report.

Mr. Olinger stated that during the month of October 2023, Lake Houston was at 42.38 feet (msl) and having fully recovered from the hot and dry weather is at normal pool. Lake Conroe was at 200.41 feet and 0.6 feet below pool. Lake Livingston was at 130 feet and over one foot below pool. Regarding production, during the month of October 2023 the Trinity River Pump Station pumped 23.1 billion gallons, with a daily average of 686 million gallons per day (MGD), and was 114% above the projected amount of 18.7 billion gallons. The Lake Houston Pump Station pumped 1.4 billion gallons, with a daily average of 44.2 MGD, and was at 74% of the projected amount of 1.9 billion gallons. The Capers Ridge Pump Station (CRPS) pumped 2.2 billion gallons, an average of 70.2 MGD, and was at 85% of the projected amount of 2.5 billion gallons. The rainy days in October allowed CWA to shut down pumps at CRPS.

B. Five-Year Capital Improvement Plan (Fiscal Year 2024–2028).

Mr. Olinger stated this item is a presentation of the CWA Capital Improvement Plan (CIP) for Fiscal Year 2024-2028 and is being presented as an informational item this month and will be presented on the agenda next month with a Motion to Adopt the CIP. Mr. Olinger noted this CIP is a critical plan that is key to CWA improving, modernizing, and adding resiliency in order to reliably meet current and future demands.

Mr. Olinger stated that the presented CIP provides an estimate of project delivery by Fiscal Year (FY) for the next five years and includes approximately \$626,000,000 of water infrastructure improvements financed by a combination of CWA funds, COH/HPW funds, and a majority of future State and Federal funding sources for which it is necessary to submit funding applications. The general strategy in the CIP is to utilize CWA Special Project Equity Funds (SEALS) to complete preliminary engineering and master plans that can then be used for these State and Federal funding applications. Mr. Olinger noted that the CIP presented today to the Board provided project descriptions, estimated design and construction costs, anticipated project schedules, and identification of the applicable funding sources. Mr. Olinger gave the Board a brief description of some of the key projects which include the Lynchburg Pump Station (LPS) B-System Improvements; CRPS Pump Capacity Project; Supervisory Control and Data Acquisition (SCADA) Upgrades/Replacements; B-2 Pipeline; Cathodic Protection Upgrades; Pipeline Condition Assessments;

Bayport Pipeline Replacements; and CWA Building/Facilities Improvements. There were no questions from the Board and Mr. Olinger stated that he would answer any future questions from the Board as they review the CIP. Director Walker commented that the proposed CIP is a good comprehensive plan, and Director Council remarked that the CIP is aggressive as well. Mr. Olinger agreed and stated that CWA has a strong need to address its aging infrastructure. Director Council concurred and stated that hopefully the necessary funding can be acquired.

C. B-2 Pipeline Feasibility Study.

Mr. Olinger stated this item is related to the B-2 Pipeline Feasibility Study. Last month the Board authorized CWA staff to negotiate a contract with Binkley and Barfield / DCCM for preliminary design work on the proposed B-2 pipeline. CWA completed the negotiations of scope, fee, and schedule based on a two phase approach. The first phase involves planning and preparation of conceptual design products and cost estimates to support funding applications to the Texas Water Development Board. Phase two involves completion of preliminary engineering and development of a preliminary engineering report. There were no questions from the Board and Mr. Olinger recommended the motion as presented.

Motion authorizing the Executive Director to execute a contract with Binkley & Barfield / DCCM in the amount of \$248,500.00 for Professional Engineering Services for the B-2 Pipeline Feasibility Study.

Motion made by Director Walker, Seconded by Director Zarinkelk. The Motion carried unanimously.

D. Amended and Restated (2023-1) Resolution Delegating Authority to Executive Officers.

Mr. Olinger stated this item is the Amended and Restated (2023-1) Board Resolution delegating certain authority to CWA's executive officers. The Board previously approved an amended and restated resolution on this subject in June 2023. Since then, CWA has worked with CWA's general legal counsel, Bracewell LLP (Bracewell), to incorporate recent legislative changes into the Amended and Restated (2023-1) Resolution. The primary changes are as follows:

- Updates to the dollar amounts of contracts that have to be competitively bid and advertised;
- Delegation of authority to issue change orders up to \$75,000;
- A requirement to present to the Board contracts in the \$25,000 to \$75,000 range for informational purposes at the next Board meeting following the award of such contracts; and
- A requirement to present to the Board planned solicitations that exceed \$150,000 prior to solicitation of bids.

In response to a question from Director Council, Mr. Barron Wallace confirmed that Bracewell worked closely with CWA staff on the resolution. There were no questions from the Board and Mr. Olinger recommended the motion as presented.

Motion to adopt an Amended and Restated Resolution (2023-1) Delegating Authority to Executive Officers.

Motion made by Director Reiser, Seconded by Director Zarinkelk. The Motion carried unanimously.

E. C-System Pipeline – Leak Repair – Update.

At this time Mr. Olinger stated that Mr. David Miller would present to the Board a couple of recently completed Operations and Maintenance (O&M) projects. Mr. Miller stated in September 2023, CWA's Pipeline O&M team discovered two small leaks on the C-line. The 108-inch C-line supplies approximately 200 MGD of surface water to the COH's East Water Purification Plant. The leak was found on a 24-inch diameter air vac riser in an access/tunnel shaft at the Greens

Bayou crossing. The tunnel shaft is 100 feet deep and has a diameter of 15 feet. Comprehensive safety and execution planning was necessary to determine the exact location and size of the leaks and the repair approach. CWA's Pipeline Superintendent Rick Warner and Safety Manager Chad Conway developed a detailed confined space entry (CSE) permit, safety plan, and execution approach. While CWA staff entered the tunnel, the CSE process involved continuous air monitoring for oxygen, carbon monoxide, lower explosive limit levels; forced air ventilation fans and ductwork; fall protection; communication protocols; and coordination with a third-party rescue service. Mr. Miller provided the Board with graphics and photographs of the leaks and the repair work.

Mr. Miller noted that CWA's ability to quickly identify the leak, prepare for the work and execute the repairs was impressive. CWA staff had the necessary safety training and certifications to perform this work which facilitated a quick response. Mr. Miller thanked CWA's Distribution Superintendent, Rick Warner; Section Foremen, Joel Steadham and Mike Ralston; and Utility Workers, Casey McClesky, Chris Armstrong, Cody Warner, Dustin Sanders, Gabriel Giordano, Jayme Lewellyn, Kristopher Dangler, Tyler Arnold and Mason Goodwin. Mr. Miller also thanked Chad Conway, CWA's Safety Manager, for his guidance and oversight during this very challenging project.

F. Red Bluff Water Treatment Plant – Pipe Painting – Update.

Mr. Miller stated the scope of this project included surface preparation, application of a three-coat paint system to the interconnecting piping at the Red Bluff Water Treatment Plant. The project was completed by C&M Contractors (C&M) based in Dickinson, Texas. Mr. Miller presented project photos to the Board. Mr. Miller thanked CWA Superintendent, Rick Warner, and CWA Section Foreman, Jeremy Lewellyn, for their oversight, and CWA's Contract Manager, Jonathon Jung, who prepared the bid package, solicited bids, and conducted contract administration which resulted in the work being completed approximately \$100,000 under the planned budget. There were no questions from the Board. Mr. Olinger stated that though many CWA staff members were thanked for their work and were all well-deserved, none of these projects would have been possible without the leadership of Mr. Miller and CWA's General Superintendent, James Lewis.

On behalf of the Board, Director Council thanked and commended all of the mentioned CWA employees for their successful efforts on jobs well done. Director Walker, Director Zarinkelk and Director Reiser added their personal appreciation to all of the involved CWA staff.

G. Upcoming Bid Solicitations.

Mr. Olinger stated this item is a listing of upcoming bid solicitations that is being presented to the Board consistent with CWA's Amended and Restated (2023-1) Board Resolution. During the month of December 2023 CWA will seek bids for the following:

- LPS Pump P-207 (Award in December 2023)
- LPS Motor P-207 (Award in December 2023)
- Lake Houston Aquatic Vegetation Control for 2024 (Award in January 2024)

Director Council asked for the age of Pump P-207. Mr. Olinger stated it was originally installed in 2007 and this would be its first rebuild with just over 100,000 hours for both the pump and motor which there is a need to take out of service and rehabilitate. There were no further questions from the Board.

At this time Mr. Olinger stated that he wanted to share with the Board that CWA employee Will Shappee recently passed the Principal and Practices P.E. exam last month and is one step closer to obtaining his P.E. license. Mr. Olinger stated that this is an important career milestone to be recognized and offered collective congratulations. On behalf of the Board, Director Council congratulated Mr. Shappee.

V. BUSINESS REVIEW – John Baldwin

A. Monthly Financial Statements for the Previous Month.

Mr. Baldwin stated that this item is the Financial Statements for the month ending October 31, 2023. Mr. Baldwin noted that at the end of the tenth month of CWA's budget year, all five Operating Funds are moving along as forecasted. The revenue stream from the COH and CWA's two customers, Bayport and Red Bluff Treatment Plant, are timely. CWA is in good shape in all Operating Funds. There were no questions from the Board.

B. Armed Guard Services at CWA Facilities.

Mr. Baldwin stated that this item is regarding armed guard services at CWA Facilities. At last month's Board Meeting, the Board gave its opinion on the decision of upgrading the security guard contract from unarmed to armed security guards at CWA's Facilities. Mr. Baldwin stated that CWA received quotes for the cost of armed guard services which is now proposed in the Fiscal Year 2024 Operating Budgets with the COH. Director Zarinkelk requested that CWA ensure that the armed security guards are both well trained and licensed. Mr. Baldwin stated that licensed and trained guards would be specified in the contract. Mr. Olinger stated that the current security contractor, Weiser Security Services, Inc. (Weiser), does have armed guards as an offered service. The Board approved Weiser's one-year contract extension at the last Board Meeting with the expectation that the guards would be armed. Mr. Olinger further noted Weiser currently provides armed guard services to other clients and that CWA will ensure that the armed guards are properly trained and are familiar with the sites specific to each of CWA's Facilities before they are deployed. There were no further questions from the Board and Mr. Baldwin recommended the motion as presented.

Motion approving the use of Armed Guard Services at CWA Facilities.

Motion made by Director Walker, Seconded by Director Soliz. The Motion carried unanimously.

B. Adoption of the 2024 Operating Budgets for the Trinity River Conveyance System, the Lake Houston Facilities and the Luce Bayou Water System Project.

Mr. Baldwin stated that this item is CWA's proposed Fiscal Year 2024 Operating Budgets with the COH for the Trinity River Conveyance System, the Lake Houston Facilities and the Luce Bayou Water System Project (Budgets). Mr. Baldwin noted that as just mentioned, the only change made to the Budgets from the October 11, 2023 Special Meeting/Discussion Budget Workshop of the 2024 Operating Budgets was the cost incurred for upgrading the unarmed guard services to armed guard services. A letter of concurrence for the Budgets was received from Ms. Carol Haddock, Director of HPW. HPW will recommend the Budgets to City Council for approval. There were no questions from the Board and Mr. Baldwin recommended the motion as presented.

Motion adopting the 2024 Operating Budgets for the Trinity River Conveyance System, the Lake Houston Facilities and the Luce Bayou Water System Project and authorizing the Chief Financial Officer to submit said Budgets to the City of Houston Mayor and City Council for their review and approval.

Motion made by Director Reiser, Seconded by Director Zarinkelk. The Motion carried unanimously.

C. Adoption of the 2024 Operating Budgets for the Bayport Water System Project and the Red Bluff Water Treatment Plant.

Mr. Baldwin stated that this item is CWA's proposed Fiscal Year 2024 Operating Budgets for the Bayport Water System Project and the Red Bluff Water Treatment Plant and stated that the only change made from the October 11, 2023 Special Meeting/Discussion Budget Workshop of the 2024 Operating Budgets was the additional cost for armed security guard services. The proposed budgets were sent and acknowledged from the respective customers with no comments or objections received. There were no questions for the Board and Mr. Baldwin recommended the motion as presented

Motion approving the Resolutions adopting the 2024 Operating Budgets for the Bayport Water System Project and the Red Bluff Water Treatment Plant.

Motion made by Director Reiser, Seconded by Director Zarinkelk. The Motion carried unanimously.

D. Investment Policy Renewal.

Mr. Baldwin stated that this item is the annual review of CWA's Investment Policy (Policy). The State of Texas Public Funds Investment Act requires the Board to acknowledge the review of the Policy even if no changes are needed by adopting the continuance of the Policy. There were no changes to the Policy this year. There were no questions from the Board and Mr. Baldwin recommended the motion as presented.

Motion approving the Resolution adopting a Continuance of the Investment Policy, Cash and Investment Management Procedure and List of Qualified Brokers/Dealers of the Coastal Water Authority.

Motion made by Director Walker, Seconded by Director Zarinkelk. The Motion carried unanimously.

E. 2023 Pension Plan Audit.

Mr. Baldwin stated that last month the Board approved Weaver and Tidwell, L.L.P. (Weaver) as CWA's auditors and authorized the negotiation of engagement letters to conduct CWA's 2023 Pension Plan Audit and 2023 Annual Financial Audit. Mr. Baldwin noted that Mr. John DeBurro with Weaver was present at the meeting to answer any questions from the Board. There were no questions from the Board and Mr. Baldwin recommended the motion as presented

Motion approving the 2023 Pension Plan Audit Engagement Agreement with Weaver and Tidwell, L.L.P.

Motion made by Director Reiser, Seconded by Director Walker. The Motion carried unanimously.

F. 2023 Annual Financial Audit.

Mr. Baldwin presented to the Board the audit engagement agreement from CWA's Auditors, Weaver, for audit services related to the 2023 Financial Statements. There were no questions from the Board and Mr. Baldwin recommended the motion as presented.

Motion approving the 2023 Audit Engagement Agreement with Weaver and Tidwell, L.L.P. for the annual audit of CWA's 2023 Financial Statements.

Motion made by Director Reiser, Seconded by Director Walker. The Motion carried unanimously.

VI. DISBURSEMENTS – John Baldwin

Mr. Baldwin stated that this item is the disbursements for the month on the various construction funds. The disbursements to be approved by the Board included the Bayport Capital Improvement Fund – in the amount of \$1,983.90; Construction Fund – Series 2013 (Luce Bayou Project) – in the amount of \$108,799.39; and the Construction Fund – Series 2017 Loan (Luce Bayou Project) – in the amount of \$182,950.42. There were no questions from the Board and Mr. Baldwin recommended the motion as presented.

Motion approving the Disbursement of Funds as presented.

Motion made by Director Reiser, Seconded by Director Soliz. The Motion carried unanimously.

VII. OLD BUSINESS – Greg Olinger

No items to discuss.

VIII. NEW BUSINESS – Greg Olinger

No items to discuss.

IX. EXECUTIVE SESSION – Tony Council

There was no executive session.

X. ADJOURNMENT – Tony Council

The meeting was adjourned at 10:40 A.M.

[Signature page follows]

A handwritten signature in blue ink, consisting of several overlapping loops and a long horizontal stroke extending to the left.

Thomas A. Reiser, Secretary-Treasurer